

GOVERNMENT OF TELANGANA
ABSTRACT

Irrigation & CAD Department - Kaleshwaram Irrigation Project Corporation Ltd., Hyderabad – Borrowing additional Term Loan of Rs.1500 crores (Plus IDC) from NABARD, towards construction of balance works of Package-12, Pkg-12 Feeder channel and Pkg-13 of the Kaleshwaram Project – Permission accorded – Orders issued.

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IRRIGATION AND CAD (Projects-IV) DEPARTMENT

G.O.Rt.No. 320

Dated: 05-08-2019

Read the following:-

1. G.O.Ms.No.145, I&CAD (Projects-II) Department, Dt.06-10-2015.
2. From the Managing Director, KIPCL, Hyderabad, Lr.No.MD/ KIPCL/ HYD/ 2017/281, Dt.29-05-2019.

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ORDER:-

In the reference 1st read above, the Government have issued orders constituting the Kaleshwaram Irrigation Project Corporation (KIPC) to plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the Kaleshwaram Project.

2. In the reference 2nd read above, the Managing Director, Kaleshwaram Irrigation Project Corporation Limited, Hyderabad has requested the Govt. to accord concurrence/approval for the terms and conditions of loan sanctioned by NABARD for an amount of Rs. 1500 Cr (Plus IDC) towards **construction of balance works of Package-12, Pkg-12 Feeder channel and Pkg-13 of the Kaleshwaram Project.**

3. Government after careful consideration of the matter, hereby accord approval for borrowing Term Loan of Rs.1500 crores (Plus IDC) as per terms and conditions annexed to this order from NABARD, towards construction of balance works of **Package-12, Feeder channel and Pkg-13 of the Kaleshwaram Project.**

4. The Kaleshwaram Irrigation Project Corporation Limited (KIPCL) shall pay the guarantee commission @ 2% consolidated for the entire Guarantee period and shall remit the amount to Government to the following Head of account:

“0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by the Government”.

5. This order issues with the concurrence of Finance (DCM) Department vide their U.O.No.2785/227/A1/2019, Dt.17-07-2019.

6. The Managing Director, Kaleshwaram Irrigation Project Corporation Ltd., Hyderabad shall take necessary action, accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

DR. SHAILENDRA KUMAR JOSHI
CHIEF SECRETARY TO GOVERNMENT &
SPL. CHIEF SECRETARY TO GOVERNMENT
I&CAD DEPARTMENT (FAC)

To
The Managing Director, Kaleshwaram Irrigation Project Corporation Ltd.,
Hyderabad.
The Accountant General, Hyderabad.
The Director of works and Accounts, Hyderabad.
The Director of Treasuries and Accounts, Hyderabad.

P.T.O.

Copy to:

The Engineer-in-Chief (Irrigation), Hyderabad
The PS to Chief Secretary
The PS to Addl. Secretary to Hon'ble CM.
The PS to Spl. Chief Secretary to Government, I&CAD Dept.
The Engineer-in-Chief, Kaleshwaram Project, Hyderabad.
The Power Finance Corporation (PFC) Ltd.,
The Finance (DCM) Department.
The General Administration (Cabinet) Department.

(Contd... ANNEXURE)

ANNEXURE to the G.O.Rt.No.320 , I&CAD (Projects-IV) Dept.,
Dt. 05-08-2019

NABARD Infrastructure Development Assistance (NIDA) **Special Terms and Conditions**

(In case of any inconsistency with the General Conditions,
the Special Terms and Conditions would prevail)

Borrower	Kaleshwaram Irrigation Project Corporation Limited (KIPCL)						
Promoter/ Sponsor	Govt. of Telangana						
Lender	NABARD						
Project	Financial Assistance for works of Package-12, 12 Feeder and 13 of Kaleshwaram Lift Irrigation Project with financial phasing as below: (₹Crore)						
	Sr. No	Pkg. No.	Project Cost	Margin	NIDA Loan	Financial Phasing	
	A	Civil Works & Other Components				2019-20	2020-21
	1	12	1013.00	202.60	810.40	405.20	405.20
	2	12-Feeder Channel	38.00	7.60	30.40	15.20	15.20
	3	13	349.00	69.80	279.20	139.60	139.60
		Sub Total	1400.00	280.00	1120.00	560.00	560.00
	B	Land Acquisition and R&R	475.00	95.00	380.00	190.00	190.00
		Total (A) + (B)	1875.00	375.00	1500.00	750.00	750.00
Project Cost and Funding	Project cost: ₹1875.00 crore Term Loan: ₹1500.00 crore Margin from State Govt. : ₹375.00 crore						
Promoter's Contribution	₹375.00 crore from Govt. of Telangana (20% of the project cost)						
Facility	Term Loan						
Commercial Operations Date (COD)	Estimated completion date: March 2021. The disbursement to be allowed upto September 2021 to facilitate final settlement of bills.						
Purpose of the Facility	Civil works, land acquisition and other components of Package 12, 12-Feeder and 13 of Kaleshwaram Lift Irrigation Project.						
Interest Rate	9.75% p.a. with quarterly rests (As applicable on the date of approval of loan)						
Interest Resetting	Resetting of Interest after 2 years from date of last disbursement and every 2 years thereafter. Reset will be based on the interest trend at the time of reset.						
Upfront Fees	NIL						
Interest Period	Interest will be applicable on the outstanding principal at the end of every three months, payable every quarter. Interest shall be payable during moratorium also.						
Moratorium	2 years (only for principal repayment)- 8 quarterly payments.						
Repayment	14 years including 2 years moratorium. Principal to be repaid in 48 quarterly payments starting June 2021.						
Availability	After verification of 'conditions' and submission of documents.						
Additional Interest	None						

Commitment Fees	Commitment charges @ 1.00% of amount not drawn as per the financial phasing. However, if the drawal during each financial year is 75% or more of the financial phasing, NABARD shall waive the commitment charges.
Prepayment Penalty	1% on the outstanding principal. Provided that no prepayment penalty would be payable to the Lenders if prepayment is made: <ul style="list-style-type: none"> a. at the instance of the Lenders; b. From the business revenue /proceeds of any grant/ insurance proceeds/ liquidated damages received in respect of this financed assets or the project. c. No prepayment penalty for prepayment at the time reset.
Penal Interest	2 % p.a. on the delayed payment/ default amount.
Security	<ol style="list-style-type: none"> 1. Unconditional and Irrevocable guarantee from the Govt. of Telangana covering repayment of both principal and interest fully. 2. A letter of comfort every year to ensure the following: <ul style="list-style-type: none"> • Adequate Budget support from the State Govt. for servicing of both principal and interest in full • Adequate Budgetary provision towards margin contribution and cost escalation, if any
Legal Expenses	Actual legal expenses incurred by the Lender for documentation, filing of charges, search report, etc. shall be borne by the Borrower.
Interest tax, levies and duties	Interest tax / other levies / duties, if any, applicable, would be payable by the Borrower over and above the rates mentioned hereinabove.
Pre commitment and other conditions	
Pre commitment conditions	<p>The Borrower would:</p> <ol style="list-style-type: none"> 1. Undertake to bring in the Govt. margin contribution for the New Project as per the Project requirements and approved financing phasing. 2. Provide an undertaking that in case of any shortfall in Govt. margin as envisaged, the same would be met by the Borrower in a form and manner satisfactory to the Lender. 3. Provide an undertaking that in case of any cost over-run in the Project cost, the same would be met by the Govt. of Telangana from further Govt. margin Contribution arranged by Govt. without recourse to Project assets, in a manner and to the satisfaction of the Lender. 4. Undertake to furnish to the Lender such information and data as may be required by them or any agency appointed by the Lender to ensure that the physical progress as well as expenditure incurred on the New Project are as per schedule. 5. Undertake to seek approval from CWC for the scheme, if required and will not make any investment in the scheme where approval has been denied by CWC. 6. Undertake to acquire/obtain and maintain valid possession of land required for the scheme covered under the project through out the tenure of NABARD loan. 7. Undertake that there is no duplication/overlapping of works with any other scheme for which funding has been sought from NABARD/other banks/FIs/PFC. 8. Undertake to arrange debt from banks and FIs or budgetary support from Govt. of Telangana for the balance funds required for completion of the project 9. Certify that all aspects of the Projects will be in strict conformity with all standards and requirements. 10. Undertake to obtain all statutory and non-statutory clearances required during implementation and for operation of the New Project. 11. Agree that the Lender reserves the right to appoint independent/ concurrent auditors for the review of the Project as deemed fit during the currency of the loan.

	<p>12. Agree that in the event of reduction in Project cost on account of any savings on account of duties/other taxes, price negotiations or otherwise, there would be a pro-rata reduction in all components of means of finance. Also agree that in case of substantial increase in the New Project cost upon review by the Lenders Engineer, appointed by the lender the Project would come up again for detailed appraisal notwithstanding the fact that the additional cost will be borne by the borrower</p> <p>13. Agree that the Lender would have the right to stipulate any other condition or call for additional documentation, as it may think necessary or expedient in such an event.</p> <p>14. Shall not sell/transfer or abandon the project at any stage in any manner without prior written consent of NABARD. Before any such transfer is effected, in any such case, NABARD reserves the right to recall the loan with all outstanding dues including prepayment premium as applicable from time to time.</p> <p>15. Shall not create any charge on the assets created from the loan availed from NABARD in favour of any other financing agency or institution during the operation of NABARD's loan.</p>
Pre disbursement conditions	<p>Disbursement of the loan amount is subject to satisfactory verification of the following:</p> <ol style="list-style-type: none">1. Satisfactory due-diligence and submission of required documents.2. Satisfactory audit of the Borrower's books, if so desired by the Lender, including bank statement, borrowings, etc.3. Verification of design of project & site inspection as may be necessary4. Verification that no other loan has been taken by the borrower for the same project. <p>Documents to be submitted:</p> <ol style="list-style-type: none">1. Certified extract of the Resolution passed in a meeting of the executive committee of KIPCL(Borrower) for availing the credit facilities from the Lender and containing the following particulars:<ol style="list-style-type: none">a. Acceptance of the Terms and Conditions of the credit facility, as stipulated by the Lender.b. Authority in favor of Authorized Signatory to execute the security documents for availing the credit facilities sanctioned to the Borrower and to affix seal of borrower on the documents executed.2. Submission of unconditional, irrevocable, irreversible Govt. Guarantee from Govt. of Telangana for repayment of principal and payment of interest3. Letter of commitment / Govt. order from the Finance Department, Govt. of Telangana to provide adequate annual budgetary support for contributing 20 % of the project cost as Govt. share (margin) and debt servicing till the period entire outstanding loan along with interest is cleared.4. Letter of Undertaking for all Pre-commitment conditions as mentioned above.5. General Agreement for Term Loan.6. DPN and take Delivery Note.7. Certificates and statutory clearances from Government authorities: Land Use Permission, Revenue authorities, Local Municipal Corporation, Environmental authorities, etc if any.
Event of Default	<p>The Lender reserves the right to call up the Facility, impose any other terms and conditions unless corrected, as may be deemed fit upon the happening of any of the following event of Default (each an "Event of Default"):</p> <ol style="list-style-type: none">1. Any installment of principal amount of or interest on the Facility remaining unpaid for a period exceeding thirty (30) days from their respective due dates.2. The Borrower committing any breach or default in the performance or observance of the material covenants of the Facility Agreement and such breach or default continues for a period of ninety (90) days.

	<ol style="list-style-type: none">3. Execution or distress being enforced or levied against the whole or any part of the Borrower's property is not discharged or stayed within a period of ninety (90) days from the date of enforcement or levy.4. The Borrower ceasing or threatening to cease to carry on its business for a period exceeding ninety (90) days.5. The occurrence of any event or circumstance which is prejudicial to or imperils or depreciates the security given to the Lender materially and such event or circumstance continues to have an effect for a period in excess of ninety (90) days.6. A receiver being appointed in respect of the whole or any part of the property of the Borrower and such appointment is not stayed, quashed or dismissed within a period of ninety (90) days.
Environment related covenants	<p>The Borrower would, at all times during the currency of the assistance, comply with the Environmental, Health, Safety and Social (EHSS) requirements specified below:</p> <ol style="list-style-type: none">1. Ensure compliance with provisions of all applicable legislation, and clearances issued there under, and maintenance of documents to be able to demonstrate compliance with the same.2. Ensure compliance with all conditions stipulated in the State and Central environmental clearances obtained by the Borrower for the Project.3. Forward copies of any relevant Internal or consultant's reports or annual/ other periodical reports on the environmental and social status and performance of the operations.
Documentation	<p>The Borrower would also have to comply with customary covenants such as, Financial covenants, Representation & Warranties from the Borrower, Conditions Precedent to the effectiveness of the loan and conditions precedent to each disbursement, Affirmative covenants by Borrower, Negative Covenants, Additional Covenants, Information Covenants, Events of Defaults by the Borrower and the Consequences of the Event of Default, RBI disclosure norms, as applicable, etc. The Borrower would execute / cause to execute such loan and security documents as may be required by the Lender.</p>
Additional covenants	<ol style="list-style-type: none">1. Default, if any, committed by the Borrower, in discharge of the Borrower's such obligation, as the Lender may deem appropriate and necessary, to disclose and furnish to Credit Information Bureau (India) Ltd. and any other agency authorized in this behalf by Reserve Bank of India.2. In case the Borrower commits any default in the repayment of the Loan/Advances or in the payment of the interest thereon or any of the agreed installment of the loan on due dates, NABARD/Reserve Bank of India will have an unqualified right to disclose or publish the Borrower's name or name of the Proprietor / Director as defaulters in such manner and through such media as NABARD or Reserve Bank of India in their absolute discretion may think fit.3. Legal audit of the security documents executed by the Borrower will be undertaken by the Lender if need be at the cost of the borrower.4. This sanction does not vest in any one the right to claim any damages against the Lender for any reason whatsoever.5. The letters exchanged between the Lender and the Borrower shall form an integral part of the loan and security documents and shall be annexed to the General Agreement for Term Loan.6. The Borrower should maintain up-to-date adequate books and records, which should correctly reflect their financial position and scope of operations and should submit at stipulated intervals. The Borrower should produce books of accounts for inspection of the Lender or its authorized representative, as and when called for.

	<p>7. The Borrower should submit provisional financial statements and audited financial statements as and when available.</p> <p>8. The Borrower should keep the Lender informed of the happening of any event likely to have a substantial effect on their profits or business and the remedial measures taken in this regard.</p> <p>9. The Borrower shall not obtain funding assistance from any other source for the same project without the express consent of NABARD.</p> <p>10. The borrower shall submit a resolution under Section 180(1)(c) of the Companies Act 2013 fixing its borrowal limit and a certificate of statutory auditor shall be submitted to the effect that the proposed borrowing shall be within such limit.</p> <p>11. The borrower shall ensure that there are no inter-state disputes that affects the progress/implementation of the project.</p> <p>12. The borrower shall ensure to maintain the quality of the assets created from NABARD's loan as per applicable standard norms/guidelines.</p> <p>13. The borrower shall ensure that adverse features, if any, of other packages should not have any adverse impact on the packages proposed to be financed by NABARD.</p> <p>14. At the time of availing of disbursements from NABARD, the borrower shall submit CA-certified utilization certificates certifying the expenditure incurred, along with details of contractor-wise payments made out of the previous disbursements availed of from NABARD.</p> <p>15. If the project fails to take off or is stalled for any reason, including but not limited to natural calamities, denial of approvals, lack of clearances from environment agencies, etc. NABARD can invoke the Government guarantee to recover the outstanding term loan.</p> <p>16. The borrower shall ensure compliance with the provisions of Telangana State Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Rules, 2014 and other applicable norms/guidelines of GoI and GoTS on RR matters. Further, the KIPCL shall indemnify the lender on account of disputes arising there from during the implementation of the project.</p> <p>17. The borrower shall ensure compliance to the suggestions, if any, prescribed by the MOE, F&CC while getting environmental and forest clearance.</p>
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DR. SHAILENDRA KUMAR JOSHI
CHIEF SECRETARY TO GOVERNMENT &
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I&CAD DEPARTMENT (FAC)

SECTION OFFICER